

## Message Text

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PAGE 01 BANGKO 06414 191312Z

43

ACTION AGR-20

INFO OCT-01 EA-11 ISO-00 EB-11 DRC-01 RSC-01 AID-20 IGA-02

/067 W

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R 191116Z APR 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 2570

C O N F I D E N T I A L BANGKOK 6414

E.O. 11652: GDS

TGAS: ECON, EAGR

SUBJECT: THAI TOBACCO PURCHASES UNDER PL-480

REF: FASTO 23

FOR USDA FAS

1. AMBASSADOR APPEALED TO SECRETARY OF AGRICULTURE BUTZ FOR ONE TIME EXEMPTION FROM FULL UMR REQUIREMENT ON TOBACCO ON GROUND OF UNIQUE SET OF CIRCUMSTANCES PREVAILING IN THAILAND AT THIS PARTICULAR STAGE OF THAI-AMERICAN POLITICAL/MILITARY RELATIONS. RETENTION OF BASE OPERATING RIGHTS REMAINS A PRIORITY U.S. OBJECTIVE BECAUSE OF CONTINUING MILITARY CONFLICT IN SOUTH VIETNAM AND CAMBODIA. WOULD BE MOST UNFORTUNATE IF WE WERE TO JEOPARDIZE THESE IMPORTANT INTERESTS AD, IN ADDITION, ALIENATE IMPORTANT PURCHASE ON UR TOBACCO.

2. EMBASSY IS WHOLLY APPRECIATIVE OF SIGNIFICANCE OF UMR REQUIREMENT, GIVEN ITS HISTORY AND CONTINUING NEED FOR USG TO DEMONSTRATE EQUALITY OF TREATMENT AMONG ALL COUNTRIES AND INTERESTS AFFECTED BY PL-480 TRANSACTIONS. HOWEVER, IN ADDITION TO POLITICAL JUSTIFICATION CITED ABOVE, PL-480 PROGRAM FOR THAILAND AROSE FROM SPECIAL REQUIREMENTS AND ALMOST CERTAINLY WILL NOT BE REPEATED. IT IS A ONE TIME TRANSACTION. MOREOVER, EMBASSY CALCULATIONS BASED ON CONVERSION OF STEMMED TOBACCO TO LEAF EQUIVALENT SHOWS SHORTFALL FOR 1973 OF NO MORE THAN 3,256 METRIC  
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PAGE 02 BANGKO 06414 191312Z

TONS. THIS SHORTFALL APPLIES ONLY TO U.S. PURCHASES AS

THAILAND MET ITS GLOBAL UMR. AT LEAST 95 PERCENT OF  
THAI TOBACCO IMPORTS NORMALLY COME FROM U.S.

3. EMBASSY BELIEVES CONSIDERATION SHOULD ALSO BE GIVEN  
TO LACK OF STORAGE SPACE WERE WE TO INSIST ON FULL UMR  
COMPLIANCE. THAI TOBACCO MONOPOLY (TTM) WILL IMPORT  
11,000 TONS TOBACCO FROM U.S. IN 1974, WHICH REPRESENTS  
LIMIT OF COMPANY'S STORAGE CAPACITY. TO INSIST THAT IT  
PURCHASE THE UMR SHORTFALL FROM 1973 AS WELL WOULD PLACE  
A HEAVY BURDEN AND ADDITIONAL COST ON THIS HISTORICAL AND  
RELIABLE CUSTOMER.

4. AGAINST ABOVE BACKGROUND, WE STRONGLY URGE THAT  
USDA FAVORABLY CONSIDER CANCELLING THE UMR SHORTFALL FOR  
1973. EMBASSY WILL URGE TTM TO MEET UMR REQUIREMENTS FOR  
1974 TO MAXIMUM EXTENT POSSIBLE. BELIEVE CONSIDERABLE  
ADVANTAGES TO BE GAINED IN GOOD WILL, AND ALSO CLEARLY  
HELPFUL TO OUR PRIORITY MISSION HERE. MOREOVER, WOULD  
MAKE POSSIBLE CLOSING OUT THE PL-480 PROGRAM BY END 1974  
UNDER BEST POSSIBLE CIRCUMSTANCES.  
MASTERS

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## Message Attributes

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